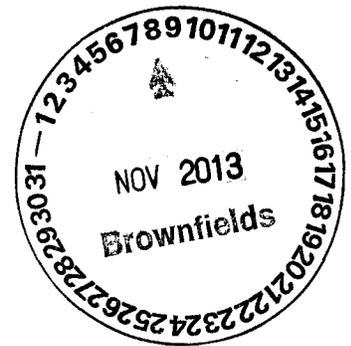


Brownfields Project #: 09003-05-81
Brownfields Property: Florence Mill, 186 Mill Street
Property Owner (In whole or part): Town of Forest City



LAND USE RESTRICTIONS (“LUR”) UPDATE

LUR 1: No use may be made of the Brownfields Property other than for commercial, retail, office, residential (on floors above ground level, except that the ground floor may also be used residentially in the building denominated “Mill Building” on the plat component of the Notice of Brownfields Property), storage, hotel, public gathering, parking and open space purposes. For purposes of this restriction, the following definitions apply:

- a. “Commercial” refers to an enterprise carried on for profit by the owner, lessee or licensee.
- b. “Retail” refers to an activity, the principal use or purpose of which is the sale of goods, products, or merchandise directly to the consumer.
- c. “Office” refers to a use or structure where business or professional services are conducted or rendered.
- d. “Residential” refers to use for a permanent dwelling of a single family, detached, duplex, triplex, quadriplex, attached or multifamily dwelling.
- e. “Storage” refers to the storage of materials other than food or drinking water.
- f. “Hotel” refers to a building or part thereof containing more than four individual rooms for the purpose of providing overnight lodging facilities for reservation, cleaning services, combined utilities and on-site management and reception for paying customers.
- g. “Public Gathering” refers to the congregating of people for meetings or events.
- h. “Open space” refers to open, unobstructed land maintained in a natural or undisturbed character or improved for recreation and used for active or passive recreation, natural resource protection, amenities and/or buffers.

In compliance X Out of compliance

Remarks: Redevelopment of the Property buildings has not begun. _____

LUR 2: Surface water and underground water at the Brownfields Property may not be used for any purpose without the approval of the Department of Environment and Natural Resources (“DENR”).

In compliance X Out of compliance

Remarks: _____

LUR 3: Unless compliance with this Land Use Restriction is waived in writing by DENR in advance in regard to particular buildings, no building on the Brownfields Property may be used until mechanical ventilation with outdoor air is provided in compliance with the most current version of the Mechanical Ventilation section of the Ventilation chapter of the North Carolina State Building Code (“Code”), or another standard approved in writing in advance by DENR. Compliance with the Code shall entail the following, depending upon whether a building sought to be used is existing (subparagraph i.) or new (subparagraph ii.):

- a. This subparagraph applies to all buildings on the Brownfields Property at the time the Notice of Brownfields Property (“Notice”) is recorded, as depicted on the plat component of the Notice.
 - i. No building may be occupied on the Brownfields Property unless DENR makes a prior written determination that vapor mitigation measures appropriate for its intended use have been installed. Within thirty (30) days following installation of the appropriate vapor mitigation measures, DENR shall be provided a statement of proper installation, under the seal of a professional engineer licensed in North Carolina, that includes a brief narrative describing the installation, boring logs and well construction details regarding vapor mitigation system installation, as-built vapor mitigation system drawings, and a photographic record of the vapor mitigation measures installed and of all other aspects of the work.
 - ii. A professional engineer licensed in North Carolina shall inspect the mechanical ventilation system and shall document any measures required to bring the system into compliance with the Code.

- iii. A North Carolina heating, ventilation and air-conditioning contractor shall implement any measures documented by the professional engineer, after which the engineer shall provide DENR a statement under seal that the mechanical ventilation system complies with the Code and as to the measures that were required to achieve compliance.
- iv. A party certified by the American Association of Balancing Contractors or the National Environmental Balancing Bureau, other than the professional engineer or heating, ventilation and air-conditioning contractor in question, shall perform testing, adjusting and balancing of the system when any work by the contractor is complete. Within seven (7) days after its issuance, a copy of the Certified Test and Balance Report shall be submitted to DENR.
- v. A professional engineer licensed in North Carolina shall provide DENR a statement under seal that all potential entrances for vapors, including without limitation foundation cracks, holes in concrete floors, gaps around pipes and utility lines, major cracks in walls, sumps and floor drains, have been sealed, and that the mechanical ventilation system complies with the Code.

b. As to buildings constructed on the Brownfields Property after recordation of the Notice, defined as those not depicted on the plat component of the Notice, a professional engineer licensed in North Carolina shall provide DENR a statement under seal that a mechanical ventilation system that complies with the Code has been installed, and as to the details of the installation.

In compliance X Out of compliance

Remarks: Buildings on the Property are vacant.

LUR 4: No building may be constructed on the Brownfields Property unless a vapor barrier membrane system and any other vapor mitigation measures DENR deems appropriate for the Brownfields Property's intended use have been approved in writing by DENR prior to installation, then installed to DENR's written satisfaction under the slab-on-grade foundation of the portion of the building to be enclosed. Sheeting designed to prevent vapors from entering the building at least six (6) mils thick, a spray membrane liner system consisting of a material resistant to the substances listed in the tables at (2) above, or another vapor barrier system may be proposed. The vapor barrier membrane system shall be sealed around any slab-penetrating vertical pilings, utility chases and

conduits, and sub-slab support structures, and shall be overlapped and sealed so as to minimize air migration pathways. Within thirty (30) days following installation of the vapor barrier system and, if applicable, vapor mitigation measures, DENR shall be provided a statement of proper installation, under the seal of a professional engineer licensed in North Carolina, that includes a brief narrative describing the installation, boring logs and well construction details regarding installation of any vapor mitigation measures, as-built vapor mitigation drawings, and a photographic record of the installation of any vapor barrier sheeting and vapor mitigation measures and of all other aspects of the work.

In compliance Out of compliance

Remarks: No buildings have been constructed on the Property.

LUR 5: Unless DENR states otherwise in writing, redevelopment of the Brownfields Property may not be initiated prior to receipt of written approval from DENR of all activities required by this Land Use Restriction 5.

- a. Any party desiring to initiate redevelopment ("Initiator") shall submit to DENR a Remedial Action Plan and a Construction Plan. In addition to their other contents, each plan shall include a health and safety component and a schedule.
- b. With regard to excavation, the Remedial Action Plan shall provide for:
 - i. field testing at the Brownfields Property for volatile organic compounds ("VOCs"), through an on-site gas chromatograph or soil samples collected and submitted for analysis by U.S. Environmental Protection Agency ("EPA") Method 8260, to determine planned boundaries for excavation of soil at the Brownfields Property that is excessively contaminated with tetrachloroethylene;
 - ii. soil field screening for VOCs during said excavation;
 - iii. collection of confirmation soil samples from all side walls and the bottom of each excavated area, and analysis of said soil samples for VOCs by a North Carolina certified laboratory using the most current version of U.S. EPA Method 8260; and
 - iv. excavation, removal from the Brownfields Property, and characterization and disposal in accordance with applicable law, of soil at the Brownfields Property contaminated with the VOC tetrachloroethylene in excess of the currently applicable EPA Region 9 Industrial Preliminary Remediation Goal, 1,300 parts

per billion.

- c. With regard to a vapor mitigation system (“VMS”), if proposed for the Brownfields Property, the Remedial Action Plan shall include:
 - i. relevant construction details and analytical results (if any);
 - ii. the results of any pilot testing to determine the effectiveness of the VMS;
 - iii. calculations and justification(s) for equipment specification selection, including manufacturer’s information;
 - iv. an estimate of the time required for mitigation;
 - v. a discussion, if applicable, of air quality permitting requirements;
 - vi. a schedule of sampling which will include start-up and operation and maintenance sampling events; and
 - vii. the signature and seal of the individual in responsible charge of the design, who must be a professional engineer licensed in North Carolina.
- d. The Construction Plan shall be signed and sealed by a professional engineer licensed in North Carolina and, at a minimum, shall describe:
 - i. excavation and grading to be carried out, including areas to be filled;
 - ii. decontamination techniques and site security to be used during construction; and
 - iii. the disposition of any soil excavated incidental to construction that is contaminated with tetrachloroethylene at concentrations less than 1300 ppb.
- e. The Initiator shall implement, in the form in which it is approved by DENR, the plans required by this subparagraph 14.e. of the Brownfields Agreement (“Agreement”).
- f. The Initiator shall provide DENR no less than seven (7) days’ written notice prior to initiation of any excavation undertaken pursuant to this Land Use Restriction 5 of the Agreement.
- g. The Initiator shall submit to DENR, no later than sixty (60) days after implementing the Remedial Action Plan required by this Land Use Restriction 5, a Remedial Action Report documenting implementation of the plan. At a minimum, the report shall include: soil disposal manifests, a site sketch showing the areal extent of contaminated soil removed, a site sketch showing the locations of confirmatory soil samples, laboratory data sheets for the confirmatory soil samples, boring logs and well construction

details for VMS wells used for mitigation, VMS system start-up vapor sample analytical data sheets, and as-built drawings of the VMS. The Remedial Action Report shall be signed and sealed by a professional engineer licensed in North Carolina.

- h. The Initiator shall submit to DENR, no later than sixty (60) days after its receipt of each Certificate of Occupancy issued to it regarding the Brownfields Property, a Construction Report documenting the activities described in the DENR-approved Construction Plan that were undertaken in connection with the building(s) covered by the subject Certificate of Occupancy. Each Construction Report shall be signed and sealed by a professional engineer licensed in North Carolina and shall include, at a minimum: a copy of the Certificate of Occupancy, well abandonment records, and soil disposal manifests.
- i. The Initiator shall correct, on whatever schedule DENR reasonably mandates, any deficiencies DENR notes regarding the activities and/or reports required by this Land Use Restriction 5. DENR need not await submittal of the required reports to order correction of deficient implementation of the plans required by this Land Use Restriction 5.

In compliance Out of compliance

Remarks: Remediation of accessible contaminated soil has occurred and reported.
Redevelopment of buildings on the Property has not started.

LUR 6: Unless DENR states otherwise in writing, redevelopment activities at the Brownfields Property may not be initiated prior to receipt of written approval from DENR of a plan for groundwater monitoring at the Brownfields Property through sampling and analysis. Any groundwater monitoring plan submitted to DENR shall, at a minimum, require sampling for VOCs, on the same day each year, of the well denominated "MW-1" on the plat component of the Notice; analysis of that and any other sampling at the Brownfields Property for VOCs by the most current version of EPA Method 8260; written reporting of the analytical findings to DENR within thirty (30) days of sampling; and provisions for replacing said "MW-1" if necessary due to redevelopment activities. On each occasion when the approved plan requires monitoring, the then owner at the time of the portion of the Brownfields Property containing said "MW-1," and of any other portions of the Brownfields Property containing points required by the plan to be monitored, shall conduct such monitoring as is required on their portion(s) of the Brownfields Property. The plan shall be available from DENR and may be amended with DENR's prior written approval. Permission to cease required monitoring may be requested of DENR if sampling pursuant to the plan shows the

concentrations of any and all VOCs detected declining for a minimum of three (3) consecutive years.

In compliance X Out of compliance

Remarks: Redevelopment of Property buildings has not started. Installation of a replacement monitoring well for MW-1 is scheduled for the fourth quarter of 2013. _____

LUR 7: Unless DENR states otherwise in writing, redevelopment activities at the Brownfields Property may not be initiated prior to receipt of written approval from DENR of a plan for soil gas monitoring through sampling and analysis. The plan may be amended with DENR's prior written approval.

- a. At a minimum any soil gas monitoring plan submitted to DENR shall:
 - i. require installation of a minimum of five soil gas monitoring points, each containing five (5)-foot and twenty (20)-foot depth intervals;
 - ii. require sampling of each depth interval via a dedicated or disposable syringe on the same two days each year, commencing at a specified time interval following issuance of a certificate of occupancy in connection with the Brownfields Property's redevelopment; immediate transfer of each sample to an unused Tedlar bag; analysis of the samples for VOCs, by the most current version of EPA Method 8260, within twenty-four (24) hours of sample collection;
 - iii. estimate the reduction of soil gas concentrations over time;
 - iv. propose concentrations of the VOC tetrachloroethylene for each soil gas monitoring point above which there may exist an increased risk of exposure to soil gas via indoor air;
 - v. propose VOC concentrations below which monitoring may cease, should sampling reflect lower VOC levels for a minimum of three (3) consecutive years; and
 - vi. require written reporting of the analytical findings to DENR within thirty (30) days of sampling.
- b. On each occasion when the approved plan requires monitoring, the then owner of each portion of the Brownfields Property containing any

monitoring points installed pursuant to the plan shall comply with the plan as it pertains to said point(s), unless and until it is established to DENR's written satisfaction that sampling has reflected sufficiently low VOC concentrations for a minimum of three (3) years (see subparagraph a.5. of this Land Use Restriction 7). Permission to cease said compliance may be requested of DENR if sampling of said point(s) pursuant to the plan shows the concentrations of any and all VOCs detected declining for a minimum of three (3) consecutive years. Should any sampling of said point(s) pursuant to the plan reflect a tetrachloroethylene concentration that exceeds the applicable concentration established pursuant to the plan (see subparagraph a.4. of this Land Use Restriction 7), the then owner of the affected portion of the Brownfields Property shall:

- i. report the exceedance to DENR in writing within seven (7) days after being apprised;
- ii. resample the monitoring point(s) on the affected portion of the Brownfields Property within fourteen (14) days after receiving the findings indicative of an exceedance and report the analytical findings to DENR in writing within fourteen days after resampling;
- iii. if resampling confirms the exceedance, increase the frequency of sampling of the monitoring point(s) on the affected portion of the Brownfields Property to quarterly, on dates subject to DENR approval, for one (1) year or until the concentration decreases, whichever occurs later; and
- iv. if resampling confirms the exceedance, within seven (7) days after receiving said confirmation, notify in writing (with a copy to DENR) the owner of any portion of the Brownfields Property containing a building that the increase has occurred and that it is said owner's duty pursuant to this Land Use Restriction to effect, within thirty (30) days after notification, testing, adjusting and balancing of the heating, ventilation and air-conditioning system of said building(s) by a person certified by the American Association of Balancing Contractors or the National Environmental Balancing Bureau, and to submit to DENR a copy of the Certified Test and Balance Report within seven (7) days after its issuance.

In compliance X Out of compliance

Remarks: Redevelopment of the Property has not started.

LUR 8: No activities that encounter, expose, remove or use groundwater (for example, installation of water supply wells, fountains, ponds, lakes or swimming pools, or construction or excavation activities that encounter or expose groundwater) may occur on the Brownfields Property without prior sampling and analysis of groundwater to the written satisfaction of DENR in any areas proposed for such activities, and submittal of the analytical results to DENR. If such results disclose to DENR contamination in excess of North Carolina's groundwater quality standards, the proposed activities may not occur without the prior written approval of DENR on such conditions as DENR imposes, including at a minimum compliance with plans and procedures, approved pursuant to applicable law, to protect public health and the environment during the proposed activities.

In compliance Out of compliance

Remarks: _____

LUR 9: Soil underlying paved and other impervious surfaces and buildings at the Brownfields Property, and soil proposed to be exposed in association with any construction on the Brownfields Property, may not be exposed unless DENR has been given a minimum of ten (10) business days advance written notice and has approved a plan to protect public health and the environment during the activities that would expose such soil. DENR may inspect, and require screening or sampling for contaminants in, the exposed soil. If screening or sampling discloses contamination that DENR determines may pose an unacceptable level of risk to public health or the environment, as much soil as DENR requires shall be removed and disposed of in accordance with applicable law, and any other actions DENR requires to make the Brownfields Property suitable for the uses specified in Land Use Restriction 1 shall be taken. If DENR determines that the exposed soil is contaminated at levels that would not pose an unacceptable risk to public health or the environment if capped, DENR may require the soil to be capped, with perpetual maintenance of the cap, to the satisfaction of DENR.

In compliance Out of compliance

Remarks: _____

LUR 10: Soil, landscaping and contours at the Brownfields Property may not be disturbed without the prior written approval of DENR, except for mowing and pruning of above-ground vegetation.

In compliance Out of compliance

Remarks: _____

LUR 11: No basements may be constructed on the Brownfields Property unless they are, as determined in writing by DENR, vented in conformance with applicable building codes.

In compliance Out of compliance

Remarks: _____

LUR 12: None of the contaminants known to be present in the environmental media at the Brownfields Property, including those listed in the tables at (2) and (3) of the Notice, may be used or stored at the Brownfields Property without the prior written approval of DENR, except in *de minimis* amounts for cleaning and other routine housekeeping activities.

In compliance Out of compliance

Remarks: _____

LUR 13: The Brownfields Property may not be used for agriculture, grazing, timbering or timber production.

In compliance Out of compliance

Remarks: _____

LUR 14: The Brownfields Property may not be used as a playground without the prior written approval of DENR, or for child care centers or schools.

In compliance Out of compliance

Remarks: _____

LUR 15: No party conducting environmental assessment or remediation at the Brownfields Property at the direction of, or pursuant to a permit or order issued by, DENR may be denied access to the Brownfields Property for purposes of conducting such assessment or remediation.

In compliance Out of compliance

Remarks: _____

LUR 16: During January of each year after the year in which the Notice is recorded, the then current owner of any part of the Brownfields Property shall submit a notarized Land Use Restrictions Update to DENR certifying that the Notice of Brownfields Property containing these Land Use Restrictions remains recorded at the Rutherford County Register of Deeds office, and that the Land Use Restrictions are being complied with.

In compliance Out of compliance

Remarks: This LURU brings the Property into compliance with LUR 16.

Notarized signing and submittal of this Land Use Restrictions Update constitutes certification that the Notice remains recorded at the Rutherford County Register of Deeds office and that the Land Use Restrictions are being complied with.

This Land Use Restrictions Update is certified by John Condrey, Town Manager, Town of Forest City, owner of at least part of the Brownfields Property.

Date: 10-31-13

Town of Forest City

By: John Condrey
Name typed or printed: John Condrey
Title typed or printed: City Manager

ATTEST:

Laura B. Allen
Name typed or printed: Laura B. ALLEN
Secretary, Town of Forest City

NORTH CAROLINA

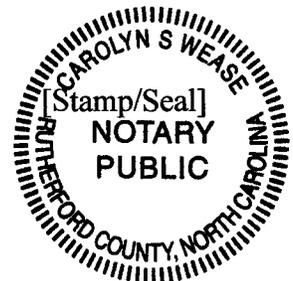
Rutherford COUNTY

I, Carolyn S. Wease, a Notary Public of the county and state aforesaid, certify that John Condrey/Laura Allen personally came before me this day and acknowledged that he/she is the Secretary of the Town of Forest City, a North Carolina municipality, and that by authority duly given and as the act of the municipality, the foregoing Land Use Restriction Update was signed in its name by its Town of Forest City and attested by him/her as its Secretary. City Manager

WITNESS my hand and official stamp or seal, this 31 day of October, 2013.

Carolyn S. Wease
Name:
Notary Public

My Commission expires: 9-14-16





Danielle Withrow

TOWN OF FOREST CITY
CITY PLANNER/DOWNTOWN
DEVELOPMENT DIRECTOR

P.O. BOX 728
FOREST CITY, NC 28043
OFFICE: (828) 248-5200
Fax: (828) 245-6143
dwithrow@fcin.net
townofforestcity.com

David —

Tracy Wahl attended a meeting in Forest City on Oct 28, 2013 with our potential developer, town staff & our environmental engineer, Steve Forman.

We are moving forward with an Environmental Management Plan which will include how many monitoring wells will be needed & where they will be located. The plan should be completed by

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